

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**

**PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD  
(MFRS 134)**

**1. Basis of Accounting and Accounting Policies**

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2021, except for the adoption of the amendments to accounting standards below that are relevant and effective for accounting periods on or after 1 January 2022 as follows: -

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement to MFRS Standard 2018 - 2020	

The adoption of the above amendments to accounting standards do not have any significant impact on the financial results of the Group.

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### 3. Declaration of Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any audit qualification.

### 4. Seasonal or Cyclical Factors

The Group's business operations for the quarter ended 30 September 2022 were not materially affected by significant seasonal or cyclical fluctuations.

### 5. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2022.

### 6. Changes in Estimates

There were no major changes in estimates that have had a material effect in the current quarter.

### 7. Segmental Information

	REVENUE		PROFIT/(LOSS) BEFORE TAX	
	3 months ended	9 months ended	3 months ended	9 months ended
	30.9.2022	30.9.2022	30.9.2022	30.9.2022
<b>OPERATING SEGMENTS</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Maintenance	124,539	375,026	6,923	23,587
Construction	7,230	7,420	485	(2,003)
Property & Asset Management	2,613	4,394	(2,375)	(8,586)
Hotel and Hospitality	3,099	7,510	378	(47)
Engineering & Consultancy	18,540	34,844	1,266	2,126
Trading & Manufacturing	26,322	136,944	(586)	189
Education	6,650	18,214	(2,592)	(9,262)
Clean Energy	2,894	6,639	(180)	90
Others & Eliminations	(4,374)	(15,310)	162	(1,360)
<b>GROUP</b>	<b>187,513</b>	<b>575,681</b>	<b>3,481</b>	<b>4,734</b>

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**8. Valuation of Property, Plant and Equipment**

The Group did not carry out any valuation on property, plant and equipment during the current financial quarter.

**9. Subsequent Events**

There were no material events subsequent to the current quarter under review.

**10. Changes in Composition of the Group**

There were no material changes in the composition of the Group for the current financial quarter under review.

**11. Contingent Liabilities**

There were no material contingent liabilities of the Group as at the end of the current review.

**12. Capital Commitments**

	<u>As at 30.9.2022</u> RM'000
Purchase of property, plant and equipment	<u>396</u>

**13. Dividend**

No dividend was declared or paid for the financial period ended 30 September 2022.

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**PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APP'X 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**
**14. Analysis of Unaudited Performance of the Group by Operating Segment**

Operating Segments	Quarter Ended			Year-to-Date Ended		
	30.9.2022	30.9.2021	Variance	30.9.2022	30.9.2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Revenue</b>						
Maintenance	124,539	189,718	-34%	375,026	449,135	-17%
Construction	7,230	3,257	122%	7,420	4,105	81%
Property & Asset Management	2,613	782	234%	4,394	2,669	65%
Hotel and Hospitality	3,099	1,737	78%	7,510	6,679	12%
Engineering & Consultancy	18,540	7,602	144%	34,844	17,983	94%
Trading & Manufacturing	26,322	100,035	-74%	136,944	214,686	-36%
Education	6,650	8,686	-23%	18,214	22,494	-19%
Clean Energy	2,894	3,137	-8%	6,639	5,287	26%
Others & Eliminations	(4,374)	(6,586)	34%	(15,310)	(16,203)	6%
<b>GROUP</b>	<b>187,513</b>	<b>308,368</b>		<b>575,681</b>	<b>706,835</b>	
<b>Profit/(Loss) Before Interest and Tax</b>						
Maintenance	6,553	16,936	-61%	22,743	37,665	-40%
Construction	772	898	-14%	(911)	2,572	-135%
Property & Asset Management	(1,829)	(1,513)	-21%	(7,113)	(4,124)	-72%
Hotel and Hospitality	657	247	166%	723	1,259	-43%
Engineering & Consultancy	1,731	(706)	345%	3,423	(85)	4127%
Trading & Manufacturing	(330)	1,555	-121%	793	2,873	-72%
Education	(2,259)	176	-1384%	(8,416)	(2,548)	-230%
Clean Energy	91	563	-84%	1,075	802	34%
Others & Eliminations	(676)	(126)	-437%	(2,276)	(321)	-609%
<b>GROUP</b>	<b>4,710</b>	<b>18,030</b>		<b>10,041</b>	<b>38,093</b>	
<b>Profit/(Loss) Before Taxation</b>						
Maintenance	6,923	16,965	-59%	23,587	38,377	-39%
Construction	485	401	21%	(2,003)	1,111	-280%
Property & Asset Management	(2,375)	(1,972)	-20%	(8,586)	(5,532)	-55%
Hotel and Hospitality	378	(24)	1675%	(47)	423	-111%
Engineering & Consultancy	1,266	(1,058)	220%	2,126	(1,229)	273%
Trading & Manufacturing	(586)	1,321	-144%	189	2,487	-92%
Education	(2,592)	29	-9038%	(9,262)	(3,004)	-208%
Clean Energy	(180)	188	-196%	90	(302)	130%
Others & Eliminations	162	(193)	184%	(1,360)	(596)	-128%
<b>GROUP</b>	<b>3,481</b>	<b>15,657</b>		<b>4,734</b>	<b>31,735</b>	

**a) Current Quarter**
**Group**

The Group revenue decreased by RM120.9 million from RM308.4 million to RM187.5 million due mainly to the following:

- (i) lower periodic maintenance works awarded to the Maintenance segment;
- (ii) lower supply of road maintenance raw materials from the Trading segment due to the decrease in periodic works undertaken by the Maintenance segment;
- (iii) lower revenue from the Education segment due to a reduction in student population; and
- (iv) lower revenue from the Energy segment due to lower solar installation works.

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### **Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)**

#### **a) Current Quarter (cont'd)**

The Group profit before tax decreased by RM12.2 million from RM15.7 million to RM3.5 million due to:

- (i) lower revenue from the Maintenance, Trading, Education and Energy business segments;
- (ii) lower other income; and
- (iii) higher operating expenses.

The analysis of the financial performance by each segment is illustrated as follows:

#### **1) Maintenance**

Revenue decreased by RM65.2 million (34%) from RM189.7 million to RM124.5 million due to lower periodic and emergency maintenance works performed in the current quarter. The decrease in revenue and increase in administrative expenses have resulted in the decrease of the profit before tax by RM10.1 million (59%) from RM17.0 million to RM6.9 million.

#### **2) Construction**

Revenue increased significantly from RM3.3 million to RM7.2 million due to the commencement of upgrading roadwork (FT004) project in Kulim, Kedah. Despite the increase in revenue, the profit before tax increased marginally by RM0.1 million (21%) from RM 0.4 million to RM0.5 million in the current quarter due to lower other income and higher operating expenses.

#### **3) Property & Asset Management**

Revenue increased by RM1.8 million (234%) from RM0.8 million to RM2.6 million due to the commencement of the Jade Hill, Tampin project and better rental from investment properties. Despite the increase in revenue, the loss before tax increased by RM0.4 million from RM2.0 million to RM2.4 million due to the increase in operating and administrative expenses and finance costs.

#### **4) Hotel and Hospitality**

Revenue increased by 78% (RM1.4 million) from RM1.7 million to RM3.1 million due to higher occupancy rate, average room rate and F&B income in the current quarter. In line with the increase in revenue and decrease in operating expenses, this segment posted a reversal from a loss before tax of RM 0.02 million to a profit before tax of RM0.4 million.

#### **5) Engineering & Consultancy**

Revenue increased significantly by RM10.9 million (144%) from RM7.6 million to RM18.5 million due to higher construction, structural and training works. The increase in revenue and decrease in operating expenses had resulted in the reversal from a loss before tax of RM1.1 million to a profit before tax of RM1.3 million.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**

### **14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)**

#### **a) Current Quarter (cont'd)**

##### **6) Trading and Manufacturing**

Revenue decreased significantly by RM73.7 million (74%) from RM100.0 million to RM26.3 million mainly due to the decrease in the sales of bitumen, cold mix, diesel and quarry products. The decrease in revenue has resulted in the reversal from a profit before tax of RM1.3 million to a loss before tax of RM0.6 million.

##### **7) Education**

Revenue decreased by RM2.0 million (23%) from RM8.7 million to RM6.7 million due to a reduction in the student population. The decreased in revenue and increased in administrative expenses and finance cost, has resulted in the reversal from profit before tax of RM0.03 million to a loss before tax of RM2.6 million.

##### **8) Clean Energy**

Revenue decreased from RM3.1 million to RM2.9 million mainly due to lower revenue from solar panel installation works in the current quarter. Consequently, this segment posted a reversal from a profit before tax of RM0.2 million to a loss before tax of RM0.2 million due to lower other income, and increase in operating expenses incurred by I2 Energy.

#### **b) Year-to-Date**

The Group recorded a revenue of RM575.7 million, a decrease of RM131.1 million as compared to RM706.8 million mainly attributed to the followings:

- (i) Lower periodic works awarded from the Maintenance segment;
- (ii) Lower revenue from the Trading segment due to the decrease in periodic works undertaken by the Maintenance segments; and
- (iii) Lower student population from the Education segment.

The Group profit before tax decreased from RM31.7 million to RM4.7 million due to:

- (i) lower revenue from the Maintenance, Trading and Education business segments;
- (ii) lower other income; and
- (iii) higher operating expenses.

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**14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)**

The analysis of the financial performance by each segment is illustrated as below:

**b) Year-to-Date (Cont'd)**

**1) Maintenance**

Revenue was RM375.0 million as compared to RM449.1 million due to lower periodic works undertaken in the current period. In line with the decrease in revenue and higher administrative expenses, the profit before tax decreased to RM23.6 million in the current period as compared to RM38.4 million in the preceding corresponding period.

**2) Construction**

Revenue was RM7.4 million as compared to RM4.1 million due to the commencement of upgrading roadwork in Kulim, Kedah. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM1.1 million to a loss before tax of RM2.0 million due to lower other income and higher operating expenses.

**3) Property & Asset Management**

Revenue was RM4.4 million as compared to RM2.7 million due to the commencement of the Jade Hill, Tampin project and better rental income from properties investments.

Despite the increase in revenue, the loss before tax increased from RM5.5 million to RM8.6 million mainly due to higher administrative and operating expenses incurred in the property development and asset management segments.

**4) Hotel & Hospitality**

Revenue was RM7.5 million as compared to RM6.7 million due to higher food and beverage income in the current period. Despite the increase in revenue, this segment posted a reversal from a profit before tax of RM0.4 million to a loss before tax of RM0.05 million due to higher administrative expenses.

**5) Engineering Services**

Revenue increased by 94% from RM18.0 million to RM34.8 million due to higher construction works, structural and training services performed.

In line with the increase in revenue and lower administrative expenses, this segment posted a reversal from a loss before tax of RM 1.2 million to a profit before tax of RM2.1 million.

**6) Trading and Manufacturing**

Revenue decreased by 36% (RM77.8 million) from RM214.7 million to RM136.9 million due to lower periodic works undertaken by the Maintenance segment, whereby this segment is the main supplier to the sub-contractors for bitumen and quarry materials.

Consequently, profit before tax decreased by 92% (RM2.3 million) from RM2.5 million to RM0.2 million.

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**14. Analysis of Unaudited Performance of the Group by Operating Segment (cont'd)**

**b) Year-to-Date (Cont'd)**

**7) Education**

Revenue decreased by 19% (RM4.3 million) from RM22.5 million to RM18.2 million due to a significant drop in the student population.

Consequently, coupled with higher operating expenses and finance cost, the loss before tax increased from RM3.0 million to RM9.3 million.

**8) Clean Energy**

Revenue increased by 26% (RM1.3 million) from RM5.3 million to RM6.6 million due to the recognition of energy supply to TNB (Solar Photovoltaic) and increase in solar panel installation works performed. The increase in revenue had resulted in the reversal from a loss before tax of RM0.3 million to a profit before tax of RM90K.



**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**
**15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

Operating Segments	Quarter Ended		Difference
	30.9.2022	30.6.2022	
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Maintenance	124,539	156,466	(31,927)
Construction	7,230	190	7,040
Property & Asset Management	2,613	609	2,004
Hotel and Hospitality	3,099	2,497	602
Engineering & Consultancy	18,540	13,222	5,318
Trading & Manufacturing	26,322	57,965	(31,643)
Education	6,650	5,755	895
Clean Energy	2,894	1,171	1,723
Others and Eliminations	(4,374)	(6,840)	2,466
<b>GROUP</b>	<b>187,513</b>	<b>231,035</b>	<b>(43,522)</b>
<b>Profit/(Loss) Before Interest and Tax</b>			
Maintenance	6,553	10,704	(4,151)
Construction	772	(1,177)	1,949
Property & Asset Management	(1,829)	(3,492)	1,663
Hotel and Hospitality	657	240	417
Engineering & Consultancy	1,731	2,873	(1,142)
Trading & Manufacturing	(330)	509	(839)
Education	(2,259)	(3,434)	1,175
Clean Energy	91	608	(517)
Others and Eliminations	(676)	(1,206)	530
<b>GROUP</b>	<b>4,710</b>	<b>5,625</b>	<b>(915)</b>
<b>Profit/(Loss) Before Taxation</b>			
Maintenance	6,923	10,758	(3,835)
Construction	485	(1,616)	2,101
Property & Asset Management	(2,375)	(3,970)	1,595
Hotel and Hospitality	378	(9)	387
Engineering & Consultancy	1,266	2,440	(1,174)
Trading & Manufacturing	(586)	293	(879)
Education	(2,592)	(3,714)	1,122
Clean Energy	(180)	250	(430)
Others and Eliminations	162	(1,071)	1,233
<b>GROUP</b>	<b>3,481</b>	<b>3,361</b>	<b>120</b>

The Group revenue decreased from RM231.0 million to RM187.5 million due to the decrease in revenue from the following segments:

- (i) Maintenance: Lower periodic maintenance works; and
- (ii) Trading: Lower demand for bitumen and quarry products.

Despite the decrease in revenue of RM43.5 million, the profit before tax increased marginally by RM0.1 million from RM3.4 million to RM3.5 million in the current quarter due to higher other income and lower operating expenses.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**

### **16. Commentary on Prospects**

Malaysia's economy posted stronger growth in the third quarter of this year, at 14.2% compared to 8.9% in the second quarter. The growth is attributed to strong domestic demand, improvements in the labour market and income conditions, ongoing policy support as well as due to a low statistical base from 3Q2021 when the economy was in lockdown. Malaysia remained susceptible to external factors such as weaker-than-expected global growth, higher risk aversion in global financial markets, geopolitical conflicts and re-emergence of supply chain disruptions.

Nevertheless, the financial performance of certain business segments of the Group was affected by the following:

- (i) governmental budget cuts;
- (ii) delay in commencement of projects due to rising cost of raw materials and labour shortage;
- (iii) margin squeeze as a result of heightened competition;
- (iv) slow property market recovery in the aftermath of Covid-19;
- (v) reduced market size due to erratic changes in attitude towards educational prospects; and
- (vi) rising funding cost.

The Group expects the financial performance for the current year to be challenging and have taken various countermeasures to mitigate the impact on profitability and cash flows.

Barring any unforeseen circumstances, the Group is cautiously optimistic and expects to improve its financial performance in the next financial year and continues to actively and diligently pursue other business opportunities to enhance its earnings and return to the shareholders.

### **17. Profit Forecast or Profit Guarantee**

Not applicable.

### **18. Taxation**

Taxation represents current quarter provision.

The effective tax rate for the current year was higher than the statutory tax rate principally due to losses of certain subsidiary companies where no group relief is granted and non-allowable expenses.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**
**19. Profit after Taxation**

	<u>Current</u> <u>Year To Date</u> <u>30.9.2022</u> RM'000	<u>Corresponding</u> <u>Year To Date</u> <u>30.9.2021</u> RM'000
Profit/(Loss) after taxation for the financial period is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	10,286	9,289
Depreciation of investment properties	1,367	1,367
Depreciation of right-of-use assets	2,481	2,081
Impairment losses on receivables	-	700
Interest expense	6,647	7,055
Loss/(Gain) on disposal of property, plant and equipment	207	(157)
Interest income	(1,086)	(1,059)
Reversal of impairment losses on receivables	(298)	(4,430)

**20. Corporate Proposals**

There was no corporate proposal announced but not completed in the current quarter up to 24 November 2022, being the last practicable date from the date of the issue of this report.

## INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022

### 21. Borrowings and Debt Securities

	<u>As at 30.9.2022</u>	<u>As at 30.9.2021</u>
	RM'000	RM'000
Secured:		
- Short term borrowings	113,599	106,662
- Long term borrowings	58,016	83,126
- Bank overdrafts	36,484	37,540
Total borrowings	<u>208,099</u>	<u>227,328</u>

The total borrowings decreased from RM227.3 million as at 30 September 2021 to RM208.1 million as at 30 September 2022 due to term loans repayments for IUKL, student accommodation, Park Inn by Radisson Hotel, and Pasir Gudang vacant land and decrease in drawdown of Bankers Acceptances under the Trading segment.

The net gearing ratio decreased from 0.39 times as at 30 September 2021 to 0.34 times as at 30 September 2022 due to a reduction in cash and cash equivalents from RM61.9 million in the preceding year corresponding quarter to RM60.1 million in the current quarter.

There is no borrowing denominated in foreign currency. The effective interest rate ranges from 4.02% to 7.92% for the conventional borrowings and from 4.58% to 8.35% for the Islamic borrowings.

### 22. Trade Receivables

The trade receivables ageing, net of impairment and expected credit loss can be analysed as follows:

	<u>As at 30.9.2022</u>	<u>As at 30.9.2021</u>
	RM'000	RM'000
Less than 6 months	131,783	266,325
6 to 12 months	54,120	44,422
1 to 2 years	13,384	14,366
More than 2 years	4,857	5,035
	<u>204,144</u>	<u>330,148</u>

Normal credit terms range from 21 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

## **INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**

### **23. Material Litigations**

Other than stated below, there were no changes in material litigation since the last annual balance sheet date:

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant**

On 28 December 2012, our Company entered into a conditional Sale and Purchase Agreement (“**Conditional SPA**”) with PT ASU to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia (“**PT ASI**”), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55,000,000.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti (“**PT FAS**”) which in turn holds 70% equity interest in PT Hase Bumou Aceh (“**PT Haseba**”) (“**PT ASI Group**”). PT ASU as vendor represented in the Conditional SPA that PT Haseba had a 10-year production management partnership agreement (“**PMP Agreement**”) with PT Pertamina (PERSERO) (“**Pertamina**”) to develop and to produce oil and gas in the Kuala Simpang Timur Field from 14 December 2004.

On 29 January 2014, our Company entered into an Amended and Restated Sale and Purchase Agreement (“**Restated SPA**”) with PT ASU to amend vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company agreed to acquire 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22,000,000 (RM68,393,170) (“**Purchase Consideration**”). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by our Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA (“**Conditional Period**”):-

- (i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;
- (ii) Extension of the PMP Agreement for a further 10-year period; and
- (iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources’ General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, our Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, our Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes (“**Advance**”). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

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**23. Material Litigations (Cont'd)**

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

On 5 August 2014, our Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. Our Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, our Company filed a legal suit against PT ASU and the two former Directors, namely the 2<sup>nd</sup> and the 3<sup>rd</sup> defendant for, among others, the refund of the Purchase Consideration and Advance.

The total amount claimed against PT ASU and the two former Directors (“**2<sup>nd</sup> and 3<sup>rd</sup> Defendants**”) are as follows: -

Against PT ASU

- i. A payment of USD22,000,000;
- ii. Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- iv. Damages for the breach of the Restated SPA.

Against the 2<sup>nd</sup> and 3<sup>rd</sup> Defendants

- i. A payment of USD27,000,000 (including the Advance);
- ii. Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- iii. Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- iv. Damages for fraud and conspiracy; and
- v. General damages, aggravated and exemplary.

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**23. Material Litigations (Cont'd)**

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

The status of this suit is as follows: -

PT ASU’s application to stay this legal proceeding pending arbitration was dismissed by the KL High Court on 11 August 2015. Thereafter, PT ASU filed an appeal to the Court of Appeal Malaysia (Appeal Jurisdiction) at Wilayah Persekutuan Putrajaya (“Court of Appeal”) which was allowed on 25 February 2016. Pursuant to the decision of the Court of Appeal, the action against PT ASU is now stayed pending the referral of the matter to arbitration in accordance with the rules of the Kuala Lumpur Regional Centre of Arbitration.

Following the decision of the Court of Appeal on 25 February 2016, the 2nd and 3rd Defendants have filed their stay application pending the disposal of the arbitration between PT ASU and our Company. This application has been granted on 20 December 2016. The Company had then filed an appeal against the said High Court decision to the Court of Appeal. The Court of Appeal had on 29 January 2019, allowed the Company’s appeal and remitted the case back to the High Court against the 2nd and 3rd Defendants. The 2nd and 3rd Defendants had on 28 February 2019 respectively filed an application by way of motion for leave to appeal to the Federal Court (“2nd and 3rd Defendants’ Motion”). The 2nd and 3rd Defendants’ Motion were dismissed on 25 March 2019. Both the 2nd and 3rd Defendants filed an application to the Court of Appeal for stay of the High Court proceedings pending the hearing of the said 2nd and 3rd Defendants’ Motion. The stay application has been dismissed by the Court of Appeal on 28 January 2019.

The 2nd and the 3rd Defendants had on 20 September 2019 filed an application to strike out the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 (“Strike Out Application”). The Strike Out Application has been fixed for Hearing on 27 August 2020. The Strike Out Application was heard on 27 August 2020 and dismissed by the High Court Judge on 10 September 2020 with costs of RM25,000 to be paid by the 2nd and the 3rd Defendants to the Company. The 2nd and 3rd Defendants had filed an appeal at the Court of Appeal against the decision of the High Court on 10 September 2020 dismissing the Strike Out Application. The appeal has been fixed for continued Hearing on 11 January 2022 and the appeal has been dismissed by the Court of Appeal with costs of RM30,000.00 to be paid to the Company by both the 2<sup>nd</sup> and 3<sup>rd</sup> Defendant. The 2<sup>nd</sup> and 3<sup>rd</sup> Defendant had on 10 February 2022 filed an application for leave via notice of motion at the Federal Court (“Leave Application”) seeking leave to appeal to the Federal Court against the decision of the High Court on 10 September 2020 dismissing the Strike Out Application and the decision of the Court of Appeal on 11 January 2022 dismissing the appeal. The Leave Application is fixed for Hearing on 27 June 2022. The Leave Application was withdrawn by the 2nd and the 3rd Defendants on 24 June 2022 without liberty to file afresh.

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**23. Material Litigations (Cont'd)**

- (i) **High Court of Malaya at Kuala Lumpur (“KL High Court”) Suit No: 22NCC-362-09/2014 between Protasco Berhad (“Company”) as plaintiff against PT Anglo Slavic Utama (“PT ASU”) as the 1<sup>st</sup> defendant, Tey Por Yee as the 2<sup>nd</sup> defendant and Ooi Kok Aun as the 3<sup>rd</sup> defendant (cont'd)**

The Company had on 13 May 2020 filed 3 applications for leave to appeal to the Federal Court (“Federal Court Applications”) against the judgment of the Court of Appeal dated 6 March 2020 (appeals in relation to Bankers’ Books (Evidence) Act 1949). The said applications are fixed for Case Management on 28 July 2020 and for Hearing on 25 August 2020 at the Federal Court. The Federal Court Applications were granted by the Federal Court on 25 August 2020. As such, the Company has filed its appeal at the Federal Court. The appeal to the Federal Court was fixed for hearing on 5 January 2021 and the Federal Court has fixed 23 August 2021 for Decision. The appeal was allowed by the Federal Court on 23 August 2021 and therefore, the judgment of the Court of Appeal dated 6 March 2020 is set aside. With that, the Company is allowed to use the documents obtained from the banks as part of its evidence. However, the Company will still need to prove the documents in accordance with the standard of proof as set out in the provisions of the BBEA and the Evidence Act, 1950.

On 19 January 2021, the 2nd and 3rd Defendants had filed an application to stay the proceedings at the Kuala Lumpur High Court pending the disposal of their appeal at the Court of Appeal. The said application for a stay of proceedings which was fixed for hearing before the learned High Court Judge on 2 March 2021 has been dismissed with costs of RM8,500 to be paid by the 2nd and 3rd Defendant to the Company.

The Full Trial for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 has commenced on 15 and 27 October 2021, 8, 10, 11, 12 and 26 November 2021, 6 and 17 December 2021, 19 January 2022 and on 2, 3 and 4 March 2022 whereas the Full Trial scheduled on 22, 23 and 25 March 2022 have been vacated.

The Full Trial fixed from 7 to 10 and 12 November 2022 has been concluded. The Full Trial is scheduled to continue on 3 and 10 December 2022 and on 30 and 31 January 2023.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the financial year ended 31 December 2014.

- (ii) **High Court of Malaya at Shah Alam (“SA High Court”) Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd (“PTSB”) as plaintiff against PT Goldchild Integritas Abadi (“Goldchild”) and Ooi Kock Aun (“OKA”) as defendants**

PTSB, a wholly owned subsidiary of our Company, had entered into an agreement dated 4 February 2013 (“**Agreement**”) to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit (“**Deposit**”) of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.



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**23. Material Litigations (Cont'd)**

**(ii) High Court of Malaya at Shah Alam (“SA High Court”) Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd (“PTSB”) as plaintiff against PT Goldchild Integritas Abadi (“Goldchild”) and Ooi Kock Aun (“OKA”) as defendants (cont'd)**

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former directors of our Company, OKA, when our Company uncovered that OKA has an undisclosed interest in Goldchild.

The status of this suit is as follows: -

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 May 2018.

Goldchild's application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya (“Federal Court”). The Motion has been dismissed by the Federal Court on 11 January 2018.

Pursuant to the decision of the Federal Court, the action against PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia (“**BANI**”).

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the financial year ended 31 December 2014.

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**23. Material Litigations (Cont'd)**

**(iii) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant**

TNB had, vide an agreement dated 13 July 2015 ("TNB Agreement"), appointed KISB to carry out construction works known as "The Construction and Commission of Retention Pond at Gelugor Power Station" ("Project") whereby the scope of works includes amongst others designing flow system improvements, drainage system expansion and replacing U-drain size from 600mm to 750mm in Loji Kuala Gelugor ("Works").

KISB had in turn, vide a Letter of Award dated 26 May 2015 ("LOA"), appointed Qemudi Nekad Resources as sub-contractor ("Sub-Contractor"):

- i) to identify the utilities within the Project site and further prepared a utility mapping to be approved by TNB; and
- ii) to carry out the entire Works.

TNB alleged that upon KISB carried out the drain breaking for the existing U-drain, the workers of KISB had carried out the picking up of the surplus and remnants debris of the broken U-drain left in the drain by using a backhoe ("Picking up the U-drain surplus and remnants works").

TNB further alleged that due to the picking up the U-drain surplus and remnants works by KISB, the same had caused the TNB's cable 2 ("TNB's Cable") destroyed. It was alleged that the bucket of the backhoe had caused damage on TNB's Cable. Subsequent to that, TNB lodged a police report on the said damage. TNB then terminated KISB's permit to work certificate and issued a stop-work order on KISB on the reason that the damage caused by KISB is a breach under Section 37(11) (b) and/or 37(12) (a) of the Electricity Supply Act 1990 ("Act").

TNB had managed to recover RM150,000.00 only from the Construction All Risks Insurance taken by KISB for this Project from TNB's panel insurance company, QBE Insurance (Malaysia) Berhad. The policy limit is RM150,000.00 only. The said insurance does not have "principal existing property" cover which will protect the insured against loss or damage to property located on or surrounding the site belonging to or held in care, custody or control by the insured.

In view thereof, TNB filed a suit against KISB pursuant to Section 41(1) of the Act under the strict liability tort on the reason that KISB's workers have neglected during the carrying out of the picking up the U-drain surplus and remnants works and caused damage on the TNB's cable. The damage on the TNB's Cable had caused the followings: -

- i) a power outage to TNB's customers hence, TNB suffered loss of income during the period of the power outage; and
- ii) rectification cost incurred to rectify the damage and replace the new cable.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**

**23. Material Litigations (Cont'd)**

**(iii) High Court of Malaya at Penang (“Penang High Court”) Suit No: PA-22NCVC-155-09/2020 between Tenaga Nasional Berhad (“TNB”) as Plaintiff against Kumpulan Ikram Sdn Bhd (“KISB”) as the Defendant (Cont'd)**

TNB further alleged that TNB had issued a Notice of Claim for damages by way of letter dated 23 March 2016 and also a Letter of Demand dated 11 January 2018 to KISB to inform on the damage and to claim on the rectification cost amounting to RM6,799,961.83.

TNB's claims are as follows: -

- 1) General damages to be assessed;
- 2) Special damages amounting to RM6,799,961.83;
- 3) General damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 4) Economic damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
- 5) Interest of 5% per annum on the sum of RM6,799,961.83 calculated from the date of the filing of the writ until full settlement;
- 6) Aggravated and exemplary damages;
- 7) Cost; and
- 8) Any other relief court deems fit.

KISB had filed its Defence on 2 October 2020. TNB had filed its Reply on 9 November 2020. The Mediation which was fixed on 6 April 2021 was unsuccessful as the parties have failed to reach a settlement. The Case Management date which was fixed on 15 December 2021 was postponed to a further date.

KISB had on 25 January 2022 filed an application for the discovery of the Project documents from TNB pursuant to Order 24, Rules 12, 13 and 16 of the Rules of Court 2022 (“Discovery Application”).

The Hearing date for the said Discovery Application originally scheduled on 11 May 2022 and later postponed to 24 May 2022 have been vacated.

The Penang High Court has fixed 7 June 2022 as the new Hearing date for the said Discovery Application. The Penang High Court had dismissed the Discovery Application and the full trial is fixed on 18, 19 and 20 July 2023.

Notwithstanding the above litigation, the claim amount has been fully impaired in the financial year ended 31 December 2020.

**INTERIM REPORT FOR THE FINANCIAL PERIOD 30 SEPTEMBER 2022**
**24. Earnings Per Share**

The basic earnings per share of the Group is calculated by dividing the profit attributable to the owners of the Company over the weighted average number of ordinary shares in issue, excluding treasury shares.

	<u>3 months</u> <u>ended</u> 30.9.2022	<u>9 months</u> <u>ended</u> 30.9.2022
Net loss for the financial quarter/year-to-date (RM'000)	(787)	(9,863)
Weighted average number of ordinary shares in issue ('000)	481,735	481,737
Adjustment for assumed exercise of warrants ('000)	106,051	106,051
Adjusted weighted average number of ordinary shares issued and issuable ('000)	<u>587,786</u>	<u>587,788</u>
Basic loss per share (sen)	<u>(0.16)</u>	<u>(2.05)</u>
Fully diluted loss per share (sen)	<u>(0.13)</u>	<u>(1.68)</u>

**25. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 24 November 2022.